

THE SORGHUM TRUST
(Registration number IT9221/97)
Annual financial statements
for the year ended 28 February 2015

The Sorghum Trust

(Registration number IT9221/97)

Annual Financial Statements for the year ended 28 February 2015

General Information

Country of incorporation and domicile	South Africa
Trustees	JH Gordon (Chairperson) LH Claassen MG Morule DT Mashile JJ van der Westhuizen
Registered office	Grain Building 477 Witherite Road The Willows Pretoria 0040
Postal address	PO Box 74626 Lynnwood Ridge 0040
Auditors	The Ashton CA (SA) Group Chartered Accountants (S.A.) Registered Auditors
Trust registration number	IT9221/97

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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS for Small and Medium Sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 29 February 2016 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the board on _____ and were signed on its behalf by:

Trustee

Trustee

Pretoria

Independent Auditors' Report

To the trustees of The Sorghum Trust

We have audited the annual financial statements of The Sorghum Trust, as set out on pages 7 to 12, which comprise the statement of financial position as at 28 February 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with IFRS for Small and Medium Sized Entities, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the trust statements present fairly, in all material respects, the financial position of the trust as of 28 February 2014, and of its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 12 does not form part of the trust statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Independent Auditors' Report

**The Ashton CA (SA) Group
Registered Auditors**

Pretoria

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Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of The Sorghum Trust and its associates for the year ended 28 February 2015.

1. Trustees

The trustees in office at the date of this report are as follows:

Trustees

JH Gordon (Chairperson)

LH Claassen

MG Morule

DT Mashile

JJ van der Westhuizen

2. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

3. Going concern

The trustees have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the trust and do not believe that the trust has adequate financial resources to continue in operation for the foreseeable future. The annual financial statements have accordingly not been prepared on the going concern basis.

4. Auditors

The Ashton CA (SA) Group continued in office as auditors for the trust for 2015.

5. Sorghum Levy

The trustees acknowledge the responsibility of the Trust towards any possible shortages incurred by the Sorghum Levy Administration. The trustees also wish to point out the fact that the previous levies expired end of February 2014. The Minister of Agriculture, Forestry and Fisheries approved a new levy which will expire end of February 2018.

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Statement of Financial Position as at 28 February 2015

Figures in Rand	Note(s)	2015	2014
Assets			
Non-Current Assets			
Investments	2	26,097,897	22,715,728
Total Assets		26,097,897	22,715,728
Equity and Liabilities			
Equity			
Accumulated surplus		25,909,989	22,694,557
Liabilities			
Current Liabilities			
Trade and other payables		187,908	21,171
Total Equity and Liabilities		26,097,897	22,715,728

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Gains/(losses) on disposal of assets		(12,977)	401,405
Operating deficit before fair value adjustments and investment revenue		(503,629)	(470,563)
Operating deficit		(516,606)	(69,158)
Investment revenue		1,085,637	924,287
Fair value adjustments		2,646,401	1,517,798
Surplus for the year		3,215,432	2,372,927
Other comprehensive income		-	-
Total comprehensive income for the year		3,215,432	2,372,927

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2013	20,321,630	20,321,630
Surplus for the year	2,372,927	2,372,927
Other comprehensive income	-	-
Total comprehensive income for the year	2,372,927	2,372,927
Balance at 01 March 2014	22,694,557	22,694,557
Surplus for the year	3,215,432	3,215,432
Other comprehensive income	-	-
Total comprehensive income for the year	3,215,432	3,215,432
Balance at 28 February 2015	25,909,989	25,909,989

Note(s)

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Annual Financial Statements for the year ended 28 February 2015

Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
Cash flows from operating activities			
Cash generated from operations	5	2,309,509	1,109,570
Interest income		872,941	713,169
Dividends received		212,696	211,118
Net cash from operating activities		3,395,146	2,033,857
Cash flows from investing activities			
Financial assets movements		(3,382,169)	(2,435,262)
Gain (loss) on sale of assets		(12,977)	401,405
Net cash from investing activities		(3,395,146)	(2,033,857)

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with IFRS for Small and Medium Sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.2 Revenue

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends are recognised, in surplus or deficit, when the trust's right to receive payment has been established.

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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
2. Investments		
Investments managed by Nedbank Private Wealth		
Listed Securities	15,431,712	13,286,825
Fixed Capital Funds	10,666,185	9,428,903
	26,097,897	22,715,728
Book value of listed securities on 28 February 2015 - R7 436 003.88. (2014 - R 6 683 629.91)		
Non-current assets		
At fair value	26,097,897	22,715,728
3. Taxation		
No provision has been made for taxation as the Trust is exempt from income tax.		
4. Auditors' remuneration		
Current fees	19,000	17,000
5. Cash generated from operations		
Surplus before taxation	3,215,432	2,372,927
Adjustments for:		
Dividends received	(212,696)	(211,118)
Interest received - investment	(872,941)	(713,169)
Gain/(loss) on sale of assets	12,977	(401,405)
Changes in working capital:		
Trade and other receivables	-	41,164
Trade and other payables	166,737	21,171
	2,309,509	1,109,570

6. Contingencies

The trustees acknowledge the responsibility of the Trust towards any possible shortages incurred by the Sorghum Levy Administration.

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Detailed Income Statement

Figures in Rand	Note(s)	2015	2014
Investment income			
Gains/(losses) on disposal of assets		(12,977)	401,405
Dividends received		212,696	211,118
Interest received		872,941	713,169
		1,072,660	1,325,692
Operating expenses			
Administration fees - Trust		(90,326)	(85,399)
Asset Management Fees		(169,093)	(158,577)
Auditors remuneration	4	(19,000)	(17,000)
Conference costs		(7,489)	(18,349)
Professional fees		(23,630)	(16,008)
Sorghum Forum costs		(104,014)	(92,303)
Trustees remuneration		(89,172)	(82,226)
Website & Marketing		(905)	(701)
		(503,629)	(470,563)
Operating surplus before fair value adjustments		569,031	855,129
Fair value adjustment of investments		2,646,401	1,517,798
Surplus for the year		3,215,432	2,372,927